

City of Corunna  
Special Council Meeting  
Friday, May 27, 2005

Present: Corey, Mehigh, Runyan, Sanderson, Spring.

Absent: Johnson, Wagner.

Guests: Joe Sawyer, City Manager; Merilee Lawson, City Assessor/Planner; Judy Horton; Shirley Sanderson; and Cheryl Warren, The Argus Press.

The meeting was called to order in the City Council Chambers by Mayor Corey at 7:15 p.m.

AGENDA APPROVAL: Mehigh moved, Sanderson seconded to approve the agenda as presented.

Roll call vote: Yes: Spring, Runyan, Mehigh, Sanderson. No: None. Motion CARRIED

7:15 P.M. PUBLIC HEARING TO CONSIDER EDC REVOLVING FUND FOR DUX BOATS:

Mehigh moved, Sanderson seconded to leave the regular session and go into a public hearing to consider EDC Revolving Fund for Dux Boats.

Roll call vote:

Yes: Sanderson, Mehigh, Spring, Runyan.

No: None.

Motion CARRIED Time was 7:16 p.m.

Joe Sawyer explained the purpose of the Economic Development Fund is to work with businesses so they can expand their business and bring in new jobs. Many communities do not have these funds anymore because they were either mismanaged or had loans that went bad. He further explained the state oversees and has final approval for this program. The city received a grant from these funds to videotape the sewer system and to do utility, engineering and site plan designs for the city's Parmenter Road property. He also explained the intent of the fund is to assist businesses that cannot qualify for money from conventional sources and it is the duty of the city to make sure the money will be used for the proper purposes of the fund and to make sure the city secures its interest anyway it can. Mr. Sawyer advised Dux Boats has applied for a \$100,000 working capital loan at six percent interest for the first 18 months, nine percent thereafter and 11 percent if they ever default. The Economic Development Committee approved the loan request with the condition that there would be a UCC filing on the equipment and a two to one market value ratio, which came in within those parameters. He further advised the city found out if it has any uncommitted money sitting in this fund, the city could be denied future grants from the state. The account had a zero balance when the sewer grants were applied for but since last year, the account has grown to \$100,000. He also advised the application has been under consideration for two or three months and was not initiated by the city because the city has to get rid of this money before it can get the downtown project grant. Councilperson Mehigh asked if this loan would bring the fund down to zero. Mr. Sawyer advised yes. Mayor Corey asked if Dux Boats was in default to the city in any way. Mr. Sawyer advised no. Mayor Corey asked if a lien check had been done on the property. Mr. Sawyer advised the city has to do a local check. Ms. Lawson advised she would get a copy of the Chaffee's current liens to make sure there are no liens on the property. Mayor Corey

asked if the public had any questions or comments. Judy Horton stated do it! Councilperson Sanderson asked if Dux Boats could use the money any way they want to use it or do they need to keep the money in reserve for problems. Mr. Sawyer advised Dux Boats has to use the loan for working capital. Councilperson Sanderson stated if they do not spend it right away then this would be of no concern of the city. Mr. Sawyer advised absolutely not. Runyan moved, Sanderson seconded to leave the public hearing and return to regular session.

Roll call vote:

Yes: Mehigh, Spring, Runyan, Sanderson.

No: None.

Motion CARRIED Time was 7:40 p.m.

Runyan moved, Mehigh seconded to approve the loan application for Dux Boats as recommended by the Economic Development Committee contingent upon the approval of the city attorney.

Roll call vote:

Yes: Sanderson, Mehigh, Runyan, Spring.

No: None.

Motion CARRIED

ADJOURN: Runyan moved, Sanderson seconded to adjourn. Roll call vote: Yes: Sanderson, Runyan, Spring, Mehigh. No: None. Motion CARRIED Time was 7:47 p.m.

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STEVE COREY, MAYOR

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LINDA M. LECUREUX, DEPUTY CLERK